

ADP and ACP Non-Discrimination Testing

Results & Reports

for

ABC Company 401(k) Plan

As of December 31, 2004

Prepared by

Compliance

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ABC Company 401(k) Plan

Summary of the results

**Actual Deferral Percentage (ADP) and
Actual Contribution Percentage (ACP) Test Results
As of December 31, 2004**

ABC Company 401(k) Plan

**Standard Method
Non-HCE Percentages Used: ADP - Current; ACP - Current**

A. Step One

These tests compare the Average Highly Compensated Employees' (HCEs) % to the Average Non-Highly Compensated Employees' (NHCEs) %. Under IRC Sections 401(k) and 401(m), the Average HCE % is limited to the greater of the Basic Test and the Alternative test.

1. Basic Test - 125% of the Average NHCE%
2. Alternative Test - the lesser of
 - a. The Average NHCE% plus 2%
 - b. The Average NHCE% times 2

Test Results

	ADP Test			ACP Test		
	<u>Count</u>	<u>Total %</u>	<u>Avg %</u>	<u>Count</u>	<u>Total %</u>	<u>Avg %</u>
HCE	1	7.06%	7.06%	1	1.95%	1.95%
NHCE	3	4.25%	1.42%	3	2.83%	0.94%
Plan Total	4			4		
1. Basic Test			1.78%			1.18%
2. Alternative Test			2.84%			1.88%
3. Greater of "1" and "2"			2.84%			1.88%
Results			Fails			Fails
Reduce HCE Avg % to			2.84%			1.88%

**Summary of Catchup Contributions
As of December 31, 2004**

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If a plan participant has reached the age of 50, (s)he is eligible to defer money in excess of the limits of the plan. These monies are referred to as "Catchup Contributions". Such limits include, but are not limited to, the 402(g) maximum deferral limit and a plan-imposed maximum deferral limit. Also eligible for reclassification as "Catchup Contributions" are corrective distributions to HCEs due to failure of the ADP test.

<u>SSN</u>	<u>Name</u>	<u>Initial ADP Contrib</u>	<u>402(g)/ Max Def Catchup Contrib</u>	<u>Net Contrib for ADP</u>	<u>ADP Maximum Catchup Contrib</u>	<u>Total Catchup Contrib</u>
Totals:		0.00	0.00	0.00	0.00	0.00

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HCE and NHCE Listings

**Listing of Highly Compensated Employees
As of December 31, 2004**

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If the plan fails the ADP test and corrective distributions are made to HCEs, any matching contributions that are attributable to the distributed deferral contributions ("Attributable-To Match" or "ATM") must be forfeited, even if they are vested.

<u>SSN</u>	<u>Name</u>	<u>ADP</u> <u>Compensation</u>	<u>ADP test</u> <u>Contrib.</u>	<u>Pct</u>	<u>ACP</u> <u>Compensation</u>	<u>ACP test</u> <u>Contrib.</u>	<u>Pct</u>	<u>ATM</u>	<u>Post-ATM ACP test</u> <u>Contrib.</u>	<u>Pct</u>
120-00-0004	SMITH, MR	85,000.00	6,000.00	7.06	85,000.00	3,000.00	3.53	1,343.00	1,657.00	1.95
HCE Totals:		85,000.00	6,000.00	7.06	85,000.00	3,000.00	3.53	1,343.00	1,657.00	1.95
Total number of HCEs:		100.00%	deferring	1			1			1
Average HCE ADP and ACP % is derived by dividing the HCE % total by the total number of aggregated HCEs:				7.06			3.53			1.95

**Listing of Non-Highly Compensated Employees
As of December 31, 2004**

ABC Company 401(k) Plan

<u>SSN</u>	<u>Name</u>	<u>ADP</u> <u>Compensation</u>	<u>ADP test</u> <u>Contrib.</u>	<u>Pct</u>	<u>ACP</u> <u>Compensation</u>	<u>ACP test</u> <u>Contrib.</u>	<u>Pct</u>
120-00-0003	DOE, JOHN	5,000.00	150.00	3.00	5,000.00	100.00	2.00
120-00-0002	SAMPLE, JANE	12,000.00	150.00	1.25	12,000.00	100.00	0.83
120-00-0001	SAMPLE, JOHN	30,000.00	0.00	0.00	30,000.00	0.00	0.00
NHCE Totals:		47,000.00	300.00	4.25	47,000.00	200.00	2.83
Total number of NHCEs:		66.67% deferring		3			3
Average NHCE ADP and ACP % is derived by dividing the NHCE % total by the total number of aggregated NHCEs:				1.42			0.94
Grand Totals:		132,000.00	6,300.00		132,000.00	3,200.00	

ABC Company 401(k) Plan

Details of Test Corrections

**Corrective Distribution Report
As of December 31, 2004**

ABC Company 401(k) Plan

ADP Test

Part I - Calculated Adjustments

<u>SSN</u>	<u>Name</u>	<u>ADP Pct</u>	<u>Contributions Adjusted</u>	<u>Reduction</u>	<u>Reduced ADP Pct</u>
120-00-0004	SMITH, MR	7.06	6,000.00	3,586.00	2.84
Totals/Count:	1	7.06	6,000.00	3,586.00	2.84
Average Total:		7.06			2.84

**Corrective Distribution Report
As of December 31, 2004**

ABC Company 401(k) Plan

ADP Test

Part II - Actual Adjustments (Corrective Distribution Amounts)

<u>SSN</u>	<u>Name</u>	<u>Sources</u>	<u>Adjusted Contribs</u>	<u>Catchup Contrib</u>	<u>Excess</u>	<u>Earnings</u>	<u>ADP Distrib</u>	<u>ATM</u>	<u>Earnings</u>	<u>Forfeited Amount</u>
120-00-0004	SMITH, MR	DEFERRAL	6,000.00	0.00	3,586.00	0.00	3,586.00	1,343.00	0.00	1,343.00
Totals:	1		6,000.00	0.00	3,586.00	0.00	3,586.00	1,343.00	0.00	1,343.00

**Corrective Distribution Report
As of December 31, 2004**

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ACP Test

Part I - Calculated Adjustments

<u>SSN</u>	<u>Name</u>	Post-ATM <u>Pct</u>	Contributions <u>Post-ATM</u>	<u>Reduction</u>	Reduced <u>ACP Pct</u>
120-00-0004	SMITH, MR	1.95	1,657.00	59.00	1.88
Totals/Count:	1	1.95	1,657.00	59.00	1.88
Average Total:		1.95			1.88

**Corrective Distribution Report
As of December 31, 2004**

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ACP Test

Part II - Actual Adjustments (Corrective Distribution Amounts)

<u>SSN</u>	<u>Name</u>	<u>Sources</u>	Post-ATM <u>Contribs</u>	<u>Vest %</u>	<u>Excess</u>	Vested <u>Earnings</u>	ACP <u>Distrib</u>	Non-vested <u>Excess</u>	<u>Earnings</u>	Forfeited <u>Amount</u>
120-00-0004	SMITH, MR							59.00	0.00	59.00
Totals:	1		0.00		0.00	0.00	0.00	59.00	0.00	59.00

**Corrective Distribution Report
As of December 31, 2004**

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ADP/ACP Tests

Part III - Correction Summary

<u>SSN</u>	<u>Name</u>	<u>Sources</u>	<u>ADP</u> <u>Excess</u>	<u>Earnings</u>	<u>Sources</u>	<u>ACP</u> <u>Vest %</u>	<u>Excess</u>	<u>Earnings</u>	<u>Total</u> <u>Distrib</u>	<u>ACP</u>	<u>ATM</u>	<u>Earnings</u>	<u>Total</u> <u>Forfeit</u>
120-00-0004	SMITH, MR	DEFERRAL	3,586.00	0.00					3,586.00	59.00	1,343.00	0.00	1,402.00
Totals/Count: 1			3,586.00	0.00			0.00	0.00	3,586.00	59.00	1,343.00	0.00	1,402.00

**Employees NOT INCLUDED in ADP and ACP Non-Discrimination Testing
due to Ineligible or Excluded Class**

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<u>SSN</u>	<u>Name</u>	<u>Compensation</u>	<u>Reason Not Included</u>	<u>HCE?</u>
Total Excluded: 0		0.00		